

SFC FY26 FIRST HALF RESULTS

18 February 2026

Dear Shareholder,

Schaffer Corporation Limited (ASX: SFC) reported first half statutory net profit after tax (NPAT¹) of \$5.0 million (1H25: \$12.7 million). SFC's results reflect a challenging half for both the Automotive Leather and Delta divisions. On a positive note, marking a significant milestone, South Connect Jandakot will commence construction of its first building in February 2026.

Automotive Leather profits¹ decreased to \$4.6 million (1H25: \$7.8 million). As previously announced, operating results were affected by a cyberattack at Jaguar Land Rover (JLR) which resulted in a temporary production shutdown for JLR for September and October 2025. Production restarted with a ramp-up in November 2025, and Automotive Leather's sales volumes with JLR have returned to normal run-rates. This bodes well for 2H26.

Delta incurred a small loss of (\$0.3 million) after last year's 1H25 extraordinary profit of \$4.2 million. As anticipated, the West Australian government spending on large civil infrastructure projects decreased significantly compared to recent years. This created a highly competitive market characterised by less available projects and lower margins.

South Connect Jandakot is a valuable Group asset, with very few sites of over 30 hectares of development space available in the Warehouse sector in the Perth metropolitan area. We expect the value of South Connect Jandakot to continue to increase and we anticipate this should be reflected in our year-end financial valuation. Development of the first large building is about to commence, and the sites Master Plan continues to be optimised to maximise the long-term opportunity of this asset.

The pre-tax, net equity value of the total investment portfolio was \$219.0 million or \$16.12 per share. This compares to the June 2025 value of \$227.3 million or \$16.73 per share. The decrease relates primarily to a cash reduction. This resulted from the payment of \$6.1 million final dividends to SFC shareholders and a one-month delay in receiving a \$6.2 million Automotive Leather dividend by SFC. The latter was deferred to January 2026 to ensure the return to normal JLR orders.

The Board has declared an interim fully franked dividend of \$0.45 per share, matching last year's interim and final dividend. This reflects the strength of SFC's financial position and the Board's confidence going forward.

Half-Year (\$ million)	1H26	1H25	\$ Change
Revenue	93.5	112.3	(18.8)
NPAT ¹ from:			
Automotive Leather	4.6	7.8	(3.2)
Delta	(0.3)	4.2	(4.5)
Manufacturing NPAT¹	4.3	12.0	(7.7)
Group Investments	2.4	2.1	0.3
South Connect Jandakot	0.2	0.2	-
Corporate	(1.9)	(1.6)	(0.3)
Statutory NPAT¹	5.0	12.7	(7.7)
EPS	\$0.37	\$0.94	
Ordinary Dividends (fully franked)	\$0.45	\$0.45	

1. Net Profit after tax and minority interests.

AUTOMOTIVE LEATHER

Half-Year (\$ million)	1H26	1H25
Revenue	81.2	84.1
Segment NPAT ¹	4.6	7.8

1. Net Profit after tax and minority interests.

Automotive Leather had a challenging 1H26. Revenues decreased 3% to \$81.2 million (1H25: \$84.1 million) with profits decreasing to \$4.6 million (1H25: \$7.8 million).

Our major customer, JLR, disclosed a cyberattack in early September 2025. At the time, the incident was expected to be resolved quickly. About three weeks later, on the 26th of September 2025, Schaffer Corporation Limited withdrew its previously announced outlook for the Automotive Leather division. This decision followed the realisation that the JLR cyberattack was more significant than they had originally anticipated and that the recovery would take longer.

The attack ultimately resulted in JLR temporarily halting its entire global supply chain and production facilities for September and October. This two-month shutdown resulted in minimal JLR sales for the Automotive Leather division, which impacted on the division's revenue and profitability. During this period, we retained most of our employees to be ready when JLR restarted their production.

Profit margins were also impacted by normal, additional costs associated with the launch of new Audi programs. Management remains focused on improving operational processes to drive better production efficiencies.

Profits benefitted overall from currency as the Australian dollar weakened against the Euro, our main currency for sales. These gains were partially offset by a weaker Australian dollar versus the US dollar, our main currency for costs.

Our main luxury automotive customers in Europe have recently reported their quarterly results with all of them commenting on a challenging environment.

Risks for Automotive Leather include:

- Global economic uncertainties including a global economic slowdown.
- Adverse impact from tariffs on sales volumes for our models.
- Adverse currency volatility.
- Geopolitical risks which may cause elongated supply chains.

Subject to the above risks, our profits for 2H26 should be higher than 1H26.

DELTA

Half-Year (\$ million)	1H26	1H25
Revenue	6.0	22.0
Segment NPAT	(0.3)	4.2

Delta reported a small loss of (\$0.3m) after last year's 1H25 extraordinary profit of \$4.2 million. As anticipated, the West Australian government spending on large civil infrastructure projects decreased significantly compared to recent years. This created a highly competitive market characterised by less available projects and lower margins.

We expect Delta's performance to be close to break even for 2H26. There are signs of improvement with infrastructure projects and private and commercial projects starting to increase again.

TOTAL INVESTMENTS

SFC's total investment portfolio comprises Group Investments and South Connect Jandakot and represents a growing proportion of the Group's underlying assets and valuation.

The pre-tax, net equity value of the total investment portfolio was \$219.0 million or \$16.12 per share. This compares to the June 2025 value of \$227.3 million or \$16.73 per share. The decrease relates primarily to a cash reduction. This resulted from the payment of \$6.1 million final dividends to SFC shareholders and a one-month delay in receiving a \$6.2 million Automotive Leather dividend by SFC. The latter was deferred to January 2026 to ensure the return to normal JLR orders.

Approximately 75% of total investment assets are property, the largest portion being South Connect Jandakot. Most of the property assets are value-add, focusing on potential medium-to-long-term capital gains. A further 19% of SFC's total investment assets are invested in cash deposits and highly liquid equities with a bias towards quality and value, through internally managed SFC Global equity funds and other externally managed equity funds.

We continue to grow Group Investments opportunistically with the objective of maximising shareholder value over the medium and long-term.

Pre-Tax Net Equity Value ²	Dec 2025	Jun 2025	Dec 2025	Jun 2025
	\$m	\$m	\$/Share	\$/Share
South Connect Jandakot	88.8	88.0	6.54	6.48
Other Property Investments	76.1	75.8	5.60	5.58
Equity investments at market value ³	38.4	36.1	2.83	2.66
Cash, term deposits and fixed income	15.7	27.4	1.15	2.01
Overall investment portfolio	219.0	227.3	16.12	16.73

2. Group share of fair value less Group share of debt.

3. SFC's investment in Harvest Technology Group (ASX: HTG) is included using a value per share of \$0.007, which is below the \$0.018 closing share price of HTG at 31 December 2025. The discount to the closing price takes into consideration the significant volume of HTG shares held by the Group.

The Group's total property investments of \$164.9 million², comprises the following main investments:

- **South Connect Jandakot: (\$88.8 million²)**

South Connect Jandakot's current "as is" pre-debt valuation is \$101.1 million (June 2025: \$100.2m). A portion of the civil works has been funded by debt, totalling \$12.2 million. The pre-tax net equity value of \$88.8 million reflects an increase of \$0.8 million compared to the prior year due to continued investment in development of the property.

South Connect Jandakot is an institutional grade master-planned estate, well located to benefit from the increased demand for logistic and "last-mile" warehousing.

The estate features ~34 hectares of net developable area which could ultimately equate to buildings of over 150,000 square metres of gross leasable area.

The first building will be 13,500 square metres of warehouse/offices, on 27,000 square metres of land, across three tenancies. Each tenancy will have its own office, a 38m wide private service yard, and 10m awning suitable for B-double trucks.

An early-works building permit has been approved by Council and siteworks should commence February 2026. Building completion is expected in February 2027.

Perth is currently experiencing historically low vacancies for industrial tenancies, with limited competing developments. South Connect is well positioned to capitalise on this unmet demand.

- ***Other Property Investments (\$76.1 million²)***
 - ***Syndicate properties (\$53.3 million²)***
 - ***Other directly owned property (\$22.8 million²)***

OUTLOOK

Subject to the risks identified previously:

Automotive Leather

Profitability for the second half should be higher than 1H26.

Delta

Profitability should be around break even in the second half.

Group Investments

Our investments are revalued each period. This may result in profit volatility, both up and down.

DIVIDENDS

The Board has approved a fully franked interim dividend of \$0.45 per share. The record date is 6 March 2026. The dividend will be paid on 13 March 2026.

Yours sincerely



John Schaffer AM
Chairman

The Board has authorised this document to be released to the ASX.